



COMMUNITY HOUSING IMPROVEMENT PROGRAM (CHIP)

General CHIP Program Guidelines

The City of Chula Vista’s Redevelopment & Housing Department provides home improvement deferred loan and low-interest loan funds to income- qualified families throughout Chula Vista for health and safety related repairs. You will be required to sign a Promissory Note, and if applicable, a lien will be placed on your home, which must be in second position or higher.

The maximum deferred forgivable loan amount (program is for mobile homes only) is \$8,500. The maximum loan amount is \$15,000 for a mobile home and \$24,999 for a single family residence.

In order to receive funds **ALL** of the following conditions must be met:

- 1. **Applicants may not have received a previous grant or loan from the City of Chula Vista.**
- 2. **The property must be located in the City of Chula Vista.**
- 3. **All applicants must be owner-occupants**, in residency in the property for at least one year. The residency requirement may be waived if there is no existing mortgage or line of credit attached to the property. Priority will be given to residences that are located in redevelopment areas.
- 4. **Eligible property improvements must be health and safety related.** Repairs may include, but are not limited to, roof repair, safety repairs, painting, stucco, installation of a new furnace, and energy conservation improvements. Ineligible items include appliances, furniture, microwave ovens, and air conditioners. Priority will be given to emergency and critical types of improvement needs and must be made in the order designated by City Staff.
- 5. **Applicants must meet income qualifications/guidelines.** You must provide income documentation for each household member who is over the age of 18 and not a full-time student. You must provide evidence of full-time student status if applicable.
- 6. **Maximum liquid assets may not exceed \$25,000** (not including retirement accounts i.e. IRA’s, 401(k), etc)

Forgivable Loan Guidelines

You are eligible for forgivable loan funds if you **own a mobile home and your total gross family income** is less than the amount shown on the chart below. This income range is based on 50% of Area Median Income (AMI), adjusted for household size.

Household Size	1	2	3	4	5
Maximum Annual Income*	\$27,650	\$31,600	\$35,550	\$39,500	\$42,650

\*effective February 2008

Income includes all sources of income such as government benefits (social security, SSI) unemployment benefits, pensions, wages, salary, tips, commissions, interest, child support, alimony, and business income.

This money does not have to be repaid unless you sell, rent or transfer the property within FIVE years from the date of the last disbursement of funds.

Loan Guidelines

Approval for a loan is dependent upon total family income, the amount of equity in the property, existing debt, and credit history of the applicant. Income includes all sources of income such as government benefits (social security, SSI) unemployment benefits, pensions, wages, salary, tips, commissions, interest, child support, alimony, and business income.

**Loan Option 1:** Homeowners earning 50% or less of AMI are eligible for a lifetime deferred loan at 0% interest. No payments will be due until sale, transfer or rental of the improved property. Please refer to the following chart to determine the eligible maximum total gross annual household income.

Household Size	1	2	3	4	5
50% of AMI*	\$27,650	\$31,600	\$35,550	\$39,500	\$42,650

\*effective February 2008

**Loan Option 2:** Homeowners earning 51% to 80% of AMI are eligible for a standard 3% interest loan. Payments will be required each month in an amount and over a repayment period determined by the CHIP Committee but not to exceed a maximum term of 15 years. Deferred loans may be available on a case-by-case basis. Please refer to the following chart to determine the eligible maximum total gross annual household income.



Household Size	1	2	3	4	5
80% of AMI*	\$44,250	\$50,550	\$56,900	\$63,200	\$68,250

\*effective February 2008

Additional processing fees, not to exceed \$300 may be included in the total loan amount. In some cases an appraisal of the subject property will be required, and the Homeowner is responsible for payment of any associated fees. Appraisal fees may be included in the total loan amount.

Title to the subject property may be held in a living trust but any other type of family trust may make the property ineligible for loan funds.

**Application Guidelines**

**COPIES** of the following documents **MUST** be submitted with your completed application. **DO NOT SEND ORIGINALS**. Failure to submit the required documentation will delay review of your application.

- Completed Application
- Income statements and verification for the last 2 months or the most recent statement period for **ALL** income received (Examples include social security statements, retirement checks, and employment check stubs)
- Federal Tax Returns and W-2 forms for previous 2 years (all pages)
- Bank Statements for 2 most recent months (all pages)
- Copy of Certificate of Title **AND** Registration (Mobilehome owners only)
- Copy of Deed of Trust **AND** Evidence of Homeowner’s Insurance for property (Single-family owners only)
- Most recent Mortgage Statement **AND** Property Tax Bill (Loan applicants only)
- Proof of Citizenship (copy of driver’s license,/Passport, and social security card)
- Signed Acknowledgement of Lead Hazard Information materials

**Application Processing/Next Steps for Both Programs**

Once staff has received you complete application packet, you will be contacted by City of Chula Vista Code Enforcement staff to schedule an initial inspection. The inspector will review your list of requested repairs and determine the order of priority for each. Based on the inspection you will be required to obtain the following:

- ***THREE** bid estimates for **EACH** item of work being requested (after your inspection a letter will be mailed to you stating the items to be repaired). Contractors **MUST** be licensed and will be required to submit a copy of their Contractor’s License and City of Chula Vista Business License. In addition, Contractor’s must also meet the City’s insurance requirements, which include proof of General Liability for \$1 million dollars and designating the City of Chula Vista on the liability as an additional insured endorsement. Proof of Worker’s Compensation insurance is also required if applicable.*

Please note that it is the **Homeowner’s responsibility** to contract with the contractor and to assume responsibility for the work to be performed. In the event that the work is not performed to the satisfaction of the applicant, it is the Homeowner’s responsibility to resolve any dispute that may occur between the Homeowner and the contractor. The CHIP program strives to implement a program that provides measures for accountability by both the Homeowner and the licensed contractor but is not responsible for the contract that is entered into by both parties. **The Community Development Department will not get involved in applicant and contractor disputes.**

In order to provide expedient review of your application please submit a complete application packet. The processing time varies depending upon how accurate and complete the application is and upon the number of applicants, time of year, and fund availability. You will be placed on a waiting list if there are numerous applicants.

**CHIP Committee**

After the Inspection has been completed and all bids have been turned in, the CHIP Committee will review your application. The CHIP Committee meets once a month. If you are approved for a loan, the Committee will determine the terms of the loan, and you will be notified, in writing, of the Committee’s decision.

*This letter is meant to provide general information regarding the CHIP loan rehabilitation program and is subject to change without notice. If you would like additional information, please call the CHIP hotline at (619) 585-5600, and select Option 3.*

